

HICKMAN COUNTY PUBLIC LIBRARY
CENTERVILLE, TENNESSEE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

HICKMAN COUNTY PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

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HICKMAN COUNTY PUBLIC LIBRARY
OFFICIALS
JUNE 30, 2009

Library Board

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MEMBERS:

AMERICAN INSTITUTE OF C.P.A.'S
TENNESSEE SOCIETY OF C.P.A.'S

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Hickman County Public Library
Centerville, Tennessee

We have audited the accompanying financial statements of Hickman County Public Library (a special revenue fund of Hickman County, Tennessee), as of and for the year ended June 30, 2009, shown on pages 2 through 4, which collectively comprise a portion of the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

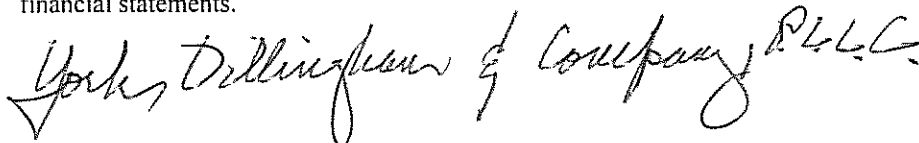
As discussed in Note A, the financial statements present only the special revenue and permanent funds of the Hickman County Public Library and do not purport to, and do not, present fairly the financial position of Hickman County, Tennessee, as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the special revenue and permanent funds of the Hickman County Public Library, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 9, 2009 on our consideration of Hickman County Public Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Hickman County Public Library has not presented the Management's Discussion and Analysis that accounting principles general accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Columbia, Tennessee
September 9, 2009

HICKMAN COUNTY PUBLIC LIBRARY
BALANCE SHEET
JUNE 30, 2009

ASSETS

	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Totals Governmental Funds</u>
Current Assets			
Cash and cash equivalents	\$ 12,399	\$ -	\$ 12,399
LGIP investment	<u>148,820</u>	<u>-</u>	<u>148,820</u>
Total Current Assets	<u>161,219</u>	<u>-</u>	<u>161,219</u>
Noncurrent Assets			
Certificate of deposit	-	20,691	20,691
Mutual funds	<u>8,216</u>	<u>16,075</u>	<u>24,291</u>
	<u>8,216</u>	<u>36,766</u>	<u>44,982</u>
	<u>\$ 169,435</u>	<u>\$ 36,766</u>	<u>\$ 206,201</u>

LIABILITIES AND FUND BALANCES

Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Designated	\$ -	\$ 36,766	\$ 36,766
Undesignated	<u>169,435</u>	<u>-</u>	<u>169,435</u>
	<u>\$ 169,435</u>	<u>\$ 36,766</u>	<u>\$ 206,201</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Special Revenue Fund	Permanent Fund	Totals Governmental Funds
Revenues			
County of Hickman	\$ 166,579	\$ -	\$ 166,579
City of Centerville	2,000	-	2,000
Copying fees	3,070	-	3,070
Book sales	1,096	-	1,096
Community room rent	140	-	140
Fines	858	-	858
Interest and dividends	2,628	1,225	3,853
Memorials and gifts	589	-	589
Grant funds	4,700	-	4,700
Special programs and art projects	<u>28,283</u>	<u>-</u>	<u>28,283</u>
	<u>209,943</u>	<u>1,225</u>	<u>211,168</u>
Expenditures			
Automation	1,286	-	1,286
Books and periodicals	7,257	-	7,257
Grant expenses	11,160	-	11,160
Maintenance	3,547	-	3,547
Miscellaneous	660	-	660
Professional fees	3,700	-	3,700
Salaries	119,536	-	119,536
Supplies and equipment	13,351	-	13,351
Postage	1,980	-	1,980
Utilities	27,943	-	27,943
Travel	299	-	299
Special programs and art projects	36,190	-	36,190
Capital expenditure	9,954	-	9,954
Net decrease in fair value of investments	<u>-</u>	<u>7,611</u>	<u>7,611</u>
	<u>236,863</u>	<u>7,611</u>	<u>244,474</u>
Excess of revenues over/(under) expenditures	(26,920)	(6,386)	(33,306)
Transfers In (Out)	1,225	(1,225)	-
Fund Balances, Beginning of Year	<u>195,130</u>	<u>44,377</u>	<u>239,507</u>
Fund Balances, End of Year	<u>\$ 169,435</u>	<u>\$ 36,766</u>	<u>\$ 206,201</u>

The accompanying notes are an integral part of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

HICKMAN COUNTY PUBLIC LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2009

	Beginning Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
City of Centerville	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
County of Hickman	166,579	166,579	166,579	-
Copying/fax fees	2,400	2,400	3,070	670
Book sales	1,600	1,600	1,096	(504)
Community room rent	200	200	140	(60)
Fines	900	900	858	(42)
Memorials and gifts	700	700	589	(111)
Interest and dividends	8,000	8,000	2,628	(5,372)
Grant funds	16,000	16,000	4,700	(11,300)
Special programs and art projects	<u>16,200</u>	<u>16,200</u>	<u>28,283</u>	<u>12,083</u>
	<u>214,579</u>	<u>214,579</u>	<u>209,943</u>	<u>(4,636)</u>
Expenditures				
Automation	1,500	1,500	1,286	214
Books and periodicals	6,500	7,500	7,257	243
Grant expenses	16,000	16,000	11,160	4,840
Maintenance and repairs	3,000	3,500	3,547	(47)
Miscellaneous	600	600	660	(60)
Professional fees	3,400	3,700	3,700	-
Salaries and benefits	131,079	131,079	119,536	11,543
Supplies and equipment	10,000	13,300	13,351	(51)
Postage	1,800	2,000	1,980	20
Utilities	21,900	27,900	27,943	(43)
Travel	800	800	299	501
Special programs and art projects	18,000	18,000	36,190	(18,190)
Capital Expenditures - Equipment	<u>4,000</u>	<u>9,500</u>	<u>9,954</u>	<u>(454)</u>
	<u>218,579</u>	<u>235,379</u>	<u>236,863</u>	<u>(1,484)</u>
Excess of revenues (under) expenditures	(4,000)	(20,800)	(26,920)	(6,120)
Transfers In from permanent fund	-	-	1,225	1,225
Fund Balance, Beginning of Year	<u>195,130</u>	<u>195,130</u>	<u>195,130</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 191,130</u>	<u>\$ 174,330</u>	<u>\$ 169,435</u>	<u>\$ (4,895)</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

Budgets and Budgetary Accounting

The Library's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30. The Library Board of Trustees and the County of Hickman formally approves the annual budget at the beginning of the year and subsequently authorizes budget amendments as necessary.

HICKMAN COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Hickman County Public Library is a separately reported fund of the County of Hickman, Tennessee Government and was created by the County of Hickman under Tennessee Code Annotated 10-3-101 to provide library services to the public.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considered revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

The Library reports the following governmental funds:

Special Revenue Fund - The Special Revenue Fund is an unrestricted fund used to account for specific revenue sources over which the Board of Trustees has discretionary control and is used to carry out the operations of the Library in accordance with its bylaws.

Permanent Fund - The Permanent Fund is a fund that represents resources that are subject to restrictions of gift instruments which require that the principal be invested and that only the income from investments is available for Library expenditures.

Sources of Revenues

The major source of revenue for the Library is from the County of Hickman. Other sources of income consist of interest, fines, memorials and funds from the City of Centerville.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and savings accounts in financial institutions and investments with the State of Tennessee Local Government Investment Pool (LGIP), all with an original maturity of three months or less. All deposits in financial institutions are fully protected by federal depository insurance. Investments in the LGIP are collateralized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Certificates of deposit with a maturity over 90 days are carried at face value and are fully protected by federal depository insurance. The investments of the Library are carried at market value and consist of the special revenue fund in the amount of \$8,216 and the permanent fund in the amount of \$36,766.

	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 35,608	\$ 24,291
Certificate of Deposit	20,691	20,691
	<u>\$ 56,299</u>	<u>\$ 44,982</u>

Capital Assets

Capital assets are charged to expense when acquired. Upon purchase, ownership passes automatically to the County of Hickman.

In-Kind Contributions

Physical plant is furnished to the Library by the County of Hickman. No in-kind contribution or related expenditure is recognized by the Library for the use of the facilities.

The employees of the Library participate in the pension plan of the County of Hickman. The employees contribute 5% of their gross wages and the County of Hickman contributes 4.75% of the employees gross wages. No in-kind contribution or related expenditure is recognized by the Library for these payments.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - ECONOMIC DEPENDENCE

The Hickman County Public Library is economically dependent on the appropriations from state and local governments. For the current year, these appropriations represent approximately 88% of total revenues of the governmental fund types.

NOTE C - RISK MANAGEMENT-CLAIMS AND JUDGEMENTS

Significant losses are covered by the County's commercial insurance. There were no settlements in excess of insurance coverage for the current year or the three prior years.

YORK, DILLINGHAM & COMPANY, P.L.L.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Hickman County Public Library
Centerville, Tennessee

We have audited the accompanying financial statements of Hickman County Public Library (a special revenue fund of Hickman County, Tennessee) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hickman County Public Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hickman County Public Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hickman County Public Library's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Hickman County Public Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Hickman County Public Library's financial statements that is more than inconsequential will not be prevented or detected by Hickman County Public Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Hickman County Public Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickman County Public Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described as item 2009-1.

2009-1 Actual Expenditures Exceed the Budget

During the audit of the financial statements of Hickman County Public Library as of and for the year ended June 30, 2009, it was noted that the Hickman County Public Library's actual expenditures exceeded the amount appropriated in the budget by \$1,484.

Tennessee Code Annotated (TCA), Section 6-56-203 states that "no municipality may expend any moneys regardless of their source (including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans, or special assessments), except in accordance with a budget ordinance adopted under this section or through a proprietary type fund or a fiduciary type fund properly excluded from the budget ordinance."

State statutes, charters, and local ordinances assign the responsibility of the budgeting process and establish budgetary authority for municipal expenditures. To avoid possible legal conflict, municipal officials should authorize all expenditures either in the original budget, in an amendment, or in a supplemental appropriation.

Management's Response

In the future, we will endeavor to keep expenditures under budgeted amounts for each expenditure category. The board will approve budget amendments to account for changing conditions when required.

This report is intended solely for the information and use of the Board of Trustees of Hickman County Public Library, the Hickman County Government, and the Comptroller of the Treasury, State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.



York, Dillingham & Company, P.L.L.C.
Certified Public Accountants

Columbia, Tennessee
September 9, 2009